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Tariff-Rate Quotas—A Status Report

When the next round of World Trade Organization agricultural trade negotiations gets under way in earnest next year in Geneva, tariff-rate quotas (TRQ's) are likely to emerge among items to be negotiated. A TRQ is a two-tiered tariff allowing a limited volume—the "quota"—to be imported at a lower rate, with imports above the quota subject to the higher tariff. Over 1,300 TRQ's are applied to agricultural products, and many limit trade on key or politically sensitive commodities.

Two issues to be resolved are TRQ liberalization and administration. Liberalization concerns changing the tariff and quota levels of existing TRQ's. Questions about liberalization are likely to revolve around whether minimum-access levels (within quota) should be expanded and whether and how to reduce tariffs. TRQ administration relates to how an importing country allocates the right to import at the in-quota tariff rate. For example, should quotas be allocated based on past market share or potential share?

India Relaxes Restraints on Agricultural Imports

India is slowly opening its doors to the world market. Since 1997, the world's second-most populous country has been removing many licensing and quota restrictions on agricultural and other imports—restrictions that had virtually banned private importing and kept the level of agricultural imports at a miniscule fraction of the domestic market. On the minus side, India has put in place several new high tariffs that will blunt some of the trade potential and leave immediate prospects for agricultural imports somewhat uncertain. Nevertheless, as its government liberalizes trade policies, India emerges as a potentially large market for agricultural and consumer products. With incomes rising, and given the government's general support for globalizing the country's economy, India should be a growing market over the long run.

Stalking Celery

Celery has nutritional properties and versatility that have made it a relatively steady item in the grocery cart. U.S. consumers used 1.8 billion pounds of celery in 1999, continuing a steady, flat trend in per capita celery use over the past four decades—about 7 pounds per year on average. The U.S. celery industry is relatively small, with 378 farms reporting celery production in 1997. California, Florida, Michigan, and Texas account for most of the nation's celery crop, which averaged $236 million annually during 1997-99. In the 1990's, exports accounted for an average 12 percent per year of celery supplies. Canada, China/Hong Kong, and Taiwan were the largest markets, purchasing 70, 15, and 7 percent of U.S. fresh-celery exports.

U.S. Rice Prices Low Despite Smaller Supplies

U.S. rice prices were the lowest in nearly 7 years at the start of the August-July 2000/01 market year, despite a projected dip in supplies from last season. Although prices have risen slightly since July, the 2000/01 U.S. season-average farm price is projected at $5.75 to $6.25 per hundredweight (cwt), the lowest since 1992/93. The main factor preventing U.S. prices from rising is the extremely low level of prices on the international market—largely the result of an abundance of exportable supplies worldwide and bumper crops in most major importing countries.

Agricultural Genetic Resources for Future Crops

Agricultural genetic resources are living matter used by plant breeders to develop or enhance desirable traits in crops, such as high yields, resistance to disease, drought tolerance, and heightened nutritional value. Genetic improvements from plant breeding account for half the crop yield increases over the past six decades. But continuing evolution of diseases and other pests presents a threat that can quickly undo the gains. Breeders need continually to incorporate diverse germplasm, drawing on wild and adapted sources, to find specific traits, including resistance to diseases.

Gene banks hold more than 6 million unique samples of crop varieties at sites around the world. In the U.S., most agricultural genetic resources are preserved by removing genetic material from its natural environment for long-term conservation. Given the limited incentives for private firms to hold sufficient levels of all types of germplasm, a strong set of publicly held genetic resources is a major asset in meeting society's goals.